

**Karole L. White**  
testimony before the  
**House Energy and Technology Committee**  
June 7, 2006

Chairman Nofs and distinguished committee members, thank you for this opportunity to speak to you today. My name is Karole White. I am President and CEO of the Michigan Association of Broadcasters and the Executive Director of Michigan Public Broadcasters. I am here to urge you to pass House Bill 5895, the Cable and Video Competition Act.

The Michigan Association of Broadcasters represents more than 300 broadcast stations and 5,000 individuals involved in the broadcasting industry. The Board of Directors of the MAB voted unanimously to support HB 5895 and any bill that will offer greater choice and options in entertainment and information delivery for Michigan citizens.

Updating the video franchising system, by creating a statewide application process, will encourage more companies to offer video services by removing barriers to entry and speeding up the application process.

In addition, HB 5895 has three provisions that will assure that citizens receive the popular entertainment, information, news and emergency messages from local broadcasters on which they depend.

The bill contains language to require competitive cable and video service providers to carry all broadcast *radio* and *television* signals in the state and the bill mandates retransmission consent, which requires the consent of broadcasters before the signals may be carried and allows local broadcasters to receive consideration from video delivery providers for use of their exclusive network and local programming. These retransmission agreements may or may not include monetary consideration. Under the current cable monopoly these agreements are often difficult to achieve.

Unique to this legislation is a provision which requires video providers to carry the "full" digital signal of broadcasters, *without degradation*. This will ensure that the high-quality signals provided by HDTV will be delivered to consumers along with the additional multicast television channels enabled by the digital conversion.

Some have said Michigan should wait for federal legislation to settle the issue. Federal legislation has been introduced, but experience tells us it could take a long time to get through Congress. The legislation now under consideration involves several other contentious telecommunications issues that will take time to resolve. In addition, the differences between the House and Senate versions are substantial. Even if federal legislation should become law, the House version currently contains a provision to allow state franchises such as the one you are considering.

Let's talk about Michigan. Beyond the provisions of HB 5895 that are favorable to local radio and television broadcasters, and beyond the advantages of competition that could lead to improved services and lower prices, we see an important reason to move forward swiftly.

As we speak, money for communications infrastructure development is flowing toward Texas, Indiana, and now California. These states have embraced competition and passed their own statewide franchise laws. Now they are enjoying the immediate benefit of a major investment in jobs and infrastructure as companies enter the marketplace to deliver advanced video and telecommunications services to consumers.

The supply of investment capital is large, but it is not unlimited. The investment in Texas will exceed \$300 million. Indiana will see more than \$250 million. We have not seen an estimate for California, but expect it will be sizeable. With the current condition of Michigan's economy in mind, we believe that our state should be among the first to open its doors to this opportunity, rather than waiting at the end of the line, hoping there's a little money left for us.

In closing, broadcasters would like to see more competition and better ways to serve their viewers and listeners. We believe this legislation, which opens up competition in Michigan and provides many other benefits to our economy and our citizens, will do just that. We urge you to move forward swiftly on passage of this bill.

Thank you.